

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

between:

Colliers International Realty Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Mowbrey, PRESIDING OFFICER

P. Pask, MEMBER

K. Kelly, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of a Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	112135751
LOCATION ADDRESS:	603 77 AV SE
HEARING NUMBER:	57409
ASSESSMENT:	\$13,740,000

This complaint was heard on the 17th day of September, 2010 at the office of the Assessment Review Board located at the 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- S. Meiklejohn Colliers International Realty Advisors

Appeared on behalf of the Respondent:

- J. Young Assessor, City of Calgary
- K. Gardiner Assessor, City of Calgary

Board's Decision in Respect of Procedural or Jurisdictional Matters:

There were no procedural or jurisdictional matters.

Upon questioning by the Presiding Officer, the parties present indicated they had no objection to the composition of the Board. In addition, the Board members indicated they had no bias on this file.

There were two preliminary issues raised by the parties. The Respondent raised the issue of introducing two recent Composite Assessment Review Board decisions. The Complainant had no objection and the two CARB decisions were entered into evidence. The Complainant raised the issue of two rebuttal documents, but the Respondent noted that there was new evidence in the package. The Board recessed, deliberated and rendered its decision to the parties. The decision was that new evidence contained in the rebuttal evidence would not be allowed, but the rest of the document would be allowed.

Property Description:

The subject property consists of three buildings located in Fairview Industrial. The three buildings were constructed in 1972, 1973 and 1975. These three buildings have footprints of 24,320 square feet, 27,170 square feet and 41,730 square feet respectively. The finish on the buildings is 26%, 29% and 75% respectively. The subject property sits on 8.30 acres and has site coverage of 25.79%. The subject property is assessed at \$13,740,000 as the taxable portion.

Issues:

1. What is the market value of the subject property?
2. The physical condition and attributes have not been properly reflected in the subject property's assessed value.

Complainant's Requested Value:

The Complainant's requested assessment value is \$9,450,000.

Board's Decision in Respect of Each Matter or Issue:

1. What is the market value of the assessed property?

Multi-building properties

The Complainant argued that the City is assessing multi-building properties contrary to the *Municipal Government Act (the "MGA")*. He referenced the "Interpretation" section 1(1)(v) of the Act (re "parcel of land"), arguing that based on his interpretation of the MGA, the subject containing 9 separate buildings, should be assessed as if all 9 were one building.

The Complainant noted the 3 buildings had been valued by the City separately – then their values added together to arrive at the assessed value. He argued that this methodology is wrong because the characteristics of single-building properties are different from multi-building properties. Moreover, he argued that as of July 1, 2009 the subject was one un-subdivided parcel containing the 3 buildings and therefore should be treated as one building for assessment purposes.

To support this argument, the Complainant cited 2 Municipal Government Board (MGB) decisions from March 2010 and July 2009 where the assessments were reduced based on the principle that properties containing multiple buildings on one lot should be assessed as if they were one building. In addition, the Complainant cited an Assessment Review Board decision (0750/2008-P) that stated multi-buildings on one parcel of land should not be assessed separately and that the methodology used by the City is wrong.

The Respondent argued that proper appraisal and assessment theory/technique requires that an assessor or appraiser examine the multiple characteristics of each onsite building with regard to such matters as condition, age, site coverage, year of construction, level of office finish, market zone, etc. Upon doing so, adjustments must then be made to each building to properly compare them to other similar buildings in order to make a valid comparison. The Respondent also noted that each individual building is compared to other buildings of similar size and characteristics, which have recently sold, all to identify a "typical per square foot market value". He noted that this typical value is then applied to each individual building onsite and the aggregate values totalled to arrive at the assessment.

The Respondent argued that this methodology affords greater fairness to the taxpayer since the individual characteristics of each building onsite are properly accounted for in the assessment calculation. He suggested for example that the city would not assess a 1981 constructed building at the same rate as a 2009 building, which would occur under the Complainant's methodology. Moreover, he argued, the subject is not one building physically – it is 3 separate buildings.

In further support of this argument the Respondent provided a matrix on page 18 of Exhibit R-1 demonstrating the resulting assessment-to-sale ratios (ASR) of 19 multi-building properties, each assessed as per current practice, noting that the median value was 1.015. The Respondent argued that this appeared to demonstrate an almost perfect correlation of assessed values at 1.00 as required under legislated Mass Appraisal. In contrast, the Respondent provided a second matrix on page 19 of Exhibit R-1 whereby he used the Complainant's preferred methodology and combined the aggregate floor areas of the same 19 buildings and arrived at a median ASR of 0.9234, which he noted indicated an under-assessment which would fail the generally-accepted tests of accuracy. He argued therefore that the City cannot use the Complainant's methodology because it would be under-assessing properties as a result.

The Complainant provided six comparable sales to the Board on single buildings that are in excess of 100,000 square feet. The time adjustment selling price per square foot is \$97.30. The Complainant used the City's time adjustment methodology. (Exhibit C-1 page 19).

The Complainant provided nine comparable sales to the Board on multi buildings that are in excess of 100,000 square feet. The median time adjustment selling price per square foot is \$105.56 and the average mean time adjustment selling price per square foot is \$100.21. The Complainant used the City's time adjustment methodology. (Exhibit C-1 page 22).

The Complainant provided the Board with 6 equity assessment comparables to the subject property. The assessment equity comparables had a median assessment per square foot of \$85.93 and an average mean assessment per square foot of \$84.99. (Exhibit C-1 page 24).

The Respondent provided industrial equity comparables for the Board. The comparables were similar in terms of region, building type, site coverage, and age of construction. The comparables yielded a median of \$146 per square foot, which supports the assessment. (Exhibit R-1 page 20/21).

The Respondent provided industrial sales comparables for the Board. The median time adjustment selling price per square foot is \$134, which is within the City's accepted guideline of 95% to 1.05% of the assessment. (Exhibit R-1 page 22).

In examining the evidence and arguments of both parties on this matter, the Board finds the Respondent's arguments and evidence most convincing. There is insufficient evidence before the Board, other than the Complainant's assertions, that the City is in contravention of the MGA. Therefore the Complainant's arguments on this issue fail. However, the Complainant failed to provide any materials whatsoever to support the Complainant's contention that the evidence/arguments provided to the MGB in the referenced appeals, were identical to that being presented to this Board today. The Board accepts that with regard to multi-building properties, the most equitable, correct and fair assessment methodology for the taxpayer is as described by the Respondent and as currently used by the City.

In examining the evidence, arguments including rebuttal evidence of both parties, the Board finds the Respondent's arguments and evidence most convincing. The Board was persuaded by the Respondent's equity comparables and industrial sales comparables to the subject property. The equity comparables produced a median of \$146 PSF, which supports the assessment. The sales comparables produced a median of \$134 PSF, which approximates the assessment.

On balance, the Board accepts the position of the Respondent in this appeal and considers that the Complainant has failed to convince the Board that the assessment is not fair, equitable nor correct.

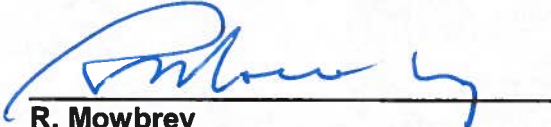
2. The physical condition and attributes have not been properly reflected in the subject property's assessed value.

The Board notes that neither the Complainant nor the Respondent gave evidence or spoke regarding this matter. The Board therefore, did not deliberate on this matter.

Board's Decision:

The assessment is confirmed at \$13,740,000

DATED AT THE CITY OF CALGARY THIS 7 DAY OF October 2010.


R. Mowbrey
Presiding Officer

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

Exhibits

C-1 Complainant's evidence (39 pages)

C-2 Complainant's rebuttal evidence (115 pages)

C-3 Complainant's additional rebuttal evidence (32 pages)

R-1 Respondent's evidence (28 pages)

R-2 Respondent's rebuttal evidence (4 pages)

R-3 Respondent's rebuttal evidence (3 pages)